

THIRD DAY CONTINUED

(Friday, January 17, 1941)

The Senate met at 10:00 o'clock a. m., and was called to order by the President.

Senate Bill on First Reading

By unanimous consent, the following bill was introduced, read first time and referred to the Committee on Game and Fish:

By Senator Lovelady:

S. B. No. 28, A bill to be entitled "An Act to repeal the Bosque County Fish Law, being Chapter 43, page 792, H. B. No. 957, in the Special Laws of the Forty-sixth Legislature, and declaring an emergency."

House Concurrent Resolution 7

The President laid before the Senate, for consideration at this time:

H. C. R. No. 7, Providing for a committee to designate a poet laureate for the State of Texas.

The resolution was read and was adopted.

Accordingly, the President appointed Senators Isbell, Winfield, and Fain as members of the committee on the part of the Senate.

House Concurrent Resolution 8

The President laid before the Senate, for consideration at this time:

H. C. R. No. 8, In memory of George Edward Robinson, Sr.

The resolution was read and adopted unanimously.

Signing of Resolutions

The President signed in the presence of the Senate, after their captions had been read, the following enrolled resolutions:

H. C. R. No. 6, Reserving parking spaces on the Capitol Grounds for use of members of the Legislature and newspaper representatives.

H. C. R. No. 3, Adopting temporary joint rules of the Senate and House.

S. C. R. No. 1, Providing for the appointment of a joint committee to arrange for counting the votes for Governor and Lieutenant Governor and for their inauguration.

Joint Session

(To Hear Message of the Governor)

The President announced that the hour heretofore fixed by concurrent action of the two Houses for a joint session to hear the remainder of the message of the Governor had arrived, and he requested the Senators to proceed in a body to the Hall of the House of Representatives.

The Senate was announced at the Hall of the House, and the Senators were admitted and escorted to seats prepared for them along the aisle.

The President of the Senate, by invitation of the Speaker, occupied a seat on the Speaker's stand.

The President announced the purpose of the joint session, and directed the Secretary to call the roll of the Senate.

The roll of the Senate was called, and the following Senators were present:

Aikin	Mauritz
Brownlee	Metcalfe
Chadick	Moffett
Cotten	Moore
Fain	Ramsey
Formby	Shivers
Graves	Smith
Hazlewood	Stone
Hill	Sulak
Isbell	Van Zandt
Kelley	Vick
Lanning	Weinert
Lemens	Winfield
Lovelady	York
Martin	

Absent—Excused

Beck	Spears
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A quorum of the Senate was announced present.

The Speaker directed the Clerk to call the roll of the House.

The roll was called, and a quorum of the House was announced present.

Hon. W. Lee O'Daniel was announced at the Hall of the House, and was admitted and escorted to the Speaker's stand by Senators Aikin, Chadick, Mauritz, Smith and Lovelady, on the part of the Senate, and by Representatives Pace, King, McCann, Hargis and Crosthwait, on the part of the House.

Address by the Governor

The Speaker presented Governor O'Daniel to the joint session.

Governor O'Daniel then delivered to the Legislature the remainder of his biennial message, as follows:

Members of the Forty-seventh Legislature:

Yesterday, I discussed with you some of the fundamental defects in our State Government, and recommended that you give consideration to correcting these defects.

Today, I shall discuss the number one problem of this State, which is the Social Security obligations, and other obligations of this State, together with a plan for raising the revenue with which to discharge these obligations. I shall divide this discussion into two separate sections. The first section will deal with debts already incurred by the State, and other obligations of the State, which will require about Twenty Million Dollars (\$20,000,000) annually to discharge. The second section of this discussion will deal with the four divisions of our social security services, old-age pensions, care for dependent children, care of indigent blind, and teacher retirement, all of which will require between \$35,000,000 and \$40,000,000 annually.

(I.) We have in jails all over this State people who are insane, and we cannot care for them for the simple reason that we do not have the buildings and necessary facilities.

Furthermore, we have eleemosynary institutions in this State that are in a very bad state of repair, some of them nothing more than fire-traps. I think it is imperative that this Legislature make available money for the purpose of providing additional buildings and equipment, and for fire-proofing and repairing buildings that are in a hazardous condition.

It will require around Five Million Dollars (\$5,000,000) per year to do this job. I believe the people want this done and I hope this Legislature will make provision for doing it.

(II.) The institutions of higher learning in this State are today operating on appropriations which are approximately the same as they were ten years ago, while, on the other hand, they are caring for a tremendously increased student body. It seems to me that it is inevitable

that we must provide more money for the operation of our institutions of higher learning, otherwise the character of instruction in these institutions will fall to a low level, and the youth of our State will not receive the type of instruction which they are entitled to have. I do not believe there is any economy in operating these institutions of higher learning for less money than is required to enable them to render first class work. I am convinced that the welfare of the youth of our State and the interest of the State at large will be conserved by making more money available for these institutions. It will take approximately Two Million, Five Hundred Thousand Dollars (\$2,500,000) per year to do the job. I trust this Legislature will provide this money.

(III.) If there is one subject which is close to the hearts of all of us, it is that of our public schools, because in these institutions the youth of this State who are to be the future citizens of this State must be trained. We do not want any money wasted by our public schools, nor do we want our public schools hampered in providing an adequate system of education on account of lack of necessary funds. I, for one, believe that it is possible for us to bring the public schools of Texas up to the average in the United States. I do not believe we can do this all in one year, but I do think we can and should accomplish it within the next eight or ten years, and I think we should make a beginning toward doing it now.

The State Board of Education made a survey of the public schools of Texas, and they issued an 1800-page report. I appointed a commission to study this report and to submit recommendations to me as to how they believed the public schools of Texas might be reorganized and improved, to the end that the taxpayer would get more value for every dollar spent. This study has been made and at a later date, in a special message, I shall submit to the Legislature the report of this commission for your consideration. Personally, I think it is imperative that we reorganize the public school system of this State to eliminate all waste. But even when this has been done, it is still going to be necessary to provide more money for the public schools because the

expenditures for public schools in Texas today is Eighteen Dollars and Seventy-four Cents (\$18.74) per capita less than the national average. I think this Legislature should deal first with the problem of an effective reorganization of our public schools and should at the same time make a start toward providing more adequate finance. I believe that the Legislature should give much thought and attention to this general problem.

I am impressed with the fact that under the present system of organization and operation there is a substantial amount of waste of public money, but, on the other hand, when I consider the fact that, in round figures, we are spending in Texas today approximately Twenty Million Dollars (\$20,000,000) annually less for the maintenance of public education than we would spend if we were supporting these schools on the basis of national average, common sense tells me that this tremendous deficiency of funds cannot be overcome by any system or reorganization. It is obvious to me that regardless of how efficiently we may operate public schools in this State, we must make available to these schools more money if we are to bring the public schools of Texas up to the standard which the boys and girls of this State are entitled to have.

I have read many statements designed to prove that we cannot afford in Texas a high standard of public education because of the fact that we do not have a high standard of individual income. It is true that the cash income in Texas is not up to the national average, but it is also true that Texas is to a large extent an agricultural State and much of the income of Texas is not reflected in cash. I think I am reasonably familiar with business conditions and with living conditions of the people throughout the United States, and we may not be able to support public schools in Texas on a basis of One Hundred Fifty-nine Dollars (\$159) per student as is provided in New York; or One Hundred Forty Dollars (\$140) per student as is provided in California; or One Hundred Thirty-eight Dollars (\$138) per student as provided in New Jersey; but I do believe that we should set up as our standard, at least reaching within the next ten years, the national average of Eighty-eight Dollars (\$88) per

student. I believe that this session of the Texas Legislature should make its contribution toward the solution of this problem; first, by effecting a businesslike reorganization of the public schools; and, second, by providing at least Five Million Dollars (\$5,000,000) annually additional support for the public schools.

(IV.) When this biennium ends, the deficit in the General Fund will be, in my judgment, approximately Thirty Million Dollars (\$30,000,000). Any one who reads the Constitution of Texas will agree, I think, that it was the intention of those who framed that document to prevent the State going into debt without the matter being submitted to a vote of the people. I submit to you as an established fact that if the Legislature has the right, by making appropriations in excess of revenue, to establish a debt of Thirty Million Dollars (\$30,000,000) they have a right under the Constitution by the same process to establish a debt of One Hundred Million Dollars (\$100,000,000) or Five Hundred Million Dollars (\$500,000,000).

I think such a policy is extremely dangerous; I think it is dangerous for several reasons. I am a firm believer in meeting the obligations of the State Government in all of its various fields, but I believe the taxes should be levied to pay these obligations when they are incurred. If the people pay for government as they get it, it will serve as a restraining influence to keep them from demanding more government than they are able to pay for. I am opposed to the idea of going into debt for ordinary operating expenses. It is a bad policy for private business and it is bad policy for the State Government. I think this Legislature should make provision to retire at least one-fourth of the State deficit during each year of the coming biennium. If this be done and if the succeeding Legislature will follow the same course, then the entire State deficit will be wiped out by 1945. I, therefore, recommend that revenue be raised to pay one-half of the State deficit during the coming biennium.

If we are to provide an additional Five Million Dollars (\$5,000,000) annually for our eleemosynary institutions, Two Million Five Hundred Thousand Dollars (\$2,500,000) for our institutions of higher learning; Five

million Dollars (\$5,000,000) for our public schools; and Seven Million, Five Hundred Thousand Dollars (\$7,500,000) to retire the General Fund deficit, it will require a total of Twenty Million Dollars (\$20,000,000) annually. In my opening address when I announced for re-election, I enumerated these four items and suggested that this money be raised by increased production taxes on natural resources and by increased taxes on public utilities, and by diverting to the General Fund the taxes on liquor, wine and beer. I advocated this same thing all through my campaign, and I am now submitting it in the form of a recommendation for the consideration of this Legislature.

I also attach hereto a proposed bill which will raise about Eleven Million Dollars (\$11,000,000) on oil, gas, sulphur and public utilities, which together with Nine Million Dollars (\$9,000,000) diverted liquor, wine and beer taxes, will make up the Twenty Million Dollars (\$20,000,000). This recommendation is exactly the same as I advocated throughout my campaign for re-election. I consider that it has been approved by a majority of the voters of the State. I now leave it with you for your consideration. In recommending this bill I want to make the further suggestion that if this Legislature selects and approves some better plan of raising this amount of money I shall gladly cooperate with you in putting your plan into effect.

We now come to a discussion of our number one problem in Texas—the social security problem.

I do not feel that it is necessary in this message to debate the question of whether or not the State should provide the necessary funds to aid dependent children, care for the blind, meet the State's obligation to teacher retirement, and pay old age pensions, because all of these things were submitted to the sovereign voters of this State and the demand is written into the Constitution of this State that all of these obligations be met. So the question before the Legislature today is not "Shall these obligations be met?"—The question is: "How shall they be met?"

I think there is general agreement among the people that it will require One Million Five Hundred Thousand Dollars (\$1,500,000) annually to meet the State's obligation to aid depend-

ent children; that it will require Five Hundred Thousand Dollars (\$500,000) annually to meet the State's obligation to care for the indigent blind; and that it will require Two Million Five Hundred Thousand Dollars (\$2,500,000) annually to meet the current obligations for teacher retirement.

Now let me discuss the other phase of our social security program, that of paying old age pensions, or if you prefer the language of the Social Security Act, of providing old-age assistance. You hear many opinions expressed about what the State Constitution provides. I think the best way to answer that question is to quote the provision of the Constitution of Texas which authorizes old-age pensions. Section 51-b of Article III of the Constitution of Texas, reads as follows:

"Sec. 51-b. Old Age Assistance.—The Legislature shall have the power by general laws to provide, under such limitations and restrictions and regulations as may be deemed by the Legislature expedient, for old-age assistance and for the payment of same not to exceed Fifteen Dollars (\$15) per month each to actual bona fide citizens of Texas who are over the age of sixty-five (65) years, provided that no habitual criminal, and no habitual drunkard while such habitual drunkard, and no inmate of any State supported institution, while such inmate, shall be obliged for such old-age assistance, provided further that the requirements for length of time of actual residence in Texas shall never be less than five (5) years during the nine (9) years immediately preceding the application for old-age assistance and continuously for one (1) year immediately preceding such application. . . . The Legislature shall have the authority to accept from the Government of the United States such financial aid for old-age assistance as that Government may offer not inconsistent with restrictions hereinbefore provided."

Now the question is: Under this provision of the Constitution, just how much latitude does the Legislature have in dealing with the problem of old-age pensions? As to amount, they can pay any amount not to exceed Fifteen Dollars (\$15) per month. They can require children to contribute to the support of their parents or they may refuse to require children to contribute to the support

of their parents. It is a matter left entirely to the Legislature to determine. The National Social Security Act provides that old-age pensions shall be based on need, but the National Social Security Act does not define "need"; it leaves that to the State to do.

The National Social Security Act does not say that children shall be required or shall not be required to contribute to the support of their parents. If they do contribute, however, the amount of that contribution will be taken into consideration in determining need. My personal judgment is that where children are able to contribute to the support of their parents, they should do so, and it is my opinion that they will do so. But I do not think the law should require them to make the contribution, because if you attempt to require it by law, the result will be that there will be many cases where young people who are rearing families, will be called upon to take the money away from their own children in order that they may contribute toward the support of their parents. I do not believe this is right and I do not believe that it is desirable.

Under the Social Security Act and under the Texas Constitution as they now stand, I believe it is fair to say that the responsibility lies upon the Legislature of Texas to provide a sufficient amount of money for the old people so that they can live decently. I do not believe the State has met its obligation to those old people until it does this. So far as I am concerned, it is my very definite opinion that if an old person has no income, Thirty Dollars (\$30) a month out of State and Federal funds, which is only One Dollar per day, is not an excessive amount. Certainly no person could live extravagantly on Thirty Dollars (\$30) per month, because it is a well-known fact that when a person passes the age of sixty-five, the need for drugs and often the need for special care constitutes a substantial item.

So, I would say that from my viewpoint, where a person has no income, he should receive at least Thirty Dollars (\$30) per month from State and Federal funds, because I think that amount in such a case can be definitely justified, to enable the old person to live in decency and comfort. Inasmuch as Federal regula-

tions make it imperative that income be taken into consideration, such income should be supplemented sufficiently to bring their normal income up to Thirty Dollars (\$30) per month.

We have in Texas about two hundred and ninety thousand (290,000) persons sixty-five years of age and over. Somewhere between sixty and seventy percent of these people have no income from any source except as it comes to them from relatives or from public charity. Fifteen per cent or twenty per cent have some income, but do have a sufficient amount to enable them to meet their necessary expenses. And, of course, there are probably fifteen or twenty per cent who are self-supporting and will not apply for assistance. Sixty per cent of 290,000 is 174,000 who are wholly dependent on others. 174,000 old folks at Thirty Dollars (\$30) per month amounts to Sixty-two Million, Six Hundred Forty Thousand Dollars (\$62,640,000) per year. One-half of this amount to be paid by the State, equals Thirty-one Million, Three Hundred Twenty Thousand Dollars (\$31,320,000). This leaves forty per cent of the two hundred ninety thousand (290,000) old folks to be considered. Probably twenty per cent (20%) own sufficient property, or are earning an adequate income and would never apply for assistance. The other twenty per cent (20%) or fifty-eight thousand (58,000) old folks will require assistance of an amount difficult to estimate.

My personal opinion is that when you take all of these factors into consideration, you are forced to the conclusion that the social security bill in Texas, including aid for dependent children, aid for the indigent blind, teacher retirement and old-age pensions, cannot be met without an expenditure of at least Thirty-five or Forty Million Dollars State money annually, and such an expenditure will not care for any of these services on an extravagant basis. It will provide simply a decent living for the old people and a reasonable amount of money for the dependent children, and indigent blind, and sufficient funds to match the contributions for teacher retirement. I think this Legislature should make available this amount of money to meet these obligations.

We now come to the question of how shall we raise the taxes to meet

all of these social security obligations of the State.

When I announced as a candidate for re-election to the office of Governor of this State, I enumerated in my opening speech all of these obligations of the State which I believed should be met, just as I have enumerated them to you in this message today, and I stated then that I believed the revenue to meet the cost of the social security bill in Texas should be raised from a transaction tax levied on established lines of business. That was my opinion then, and it is my opinion now as to the best method of raising the revenue to meet these obligations.

I stated many times during my campaign for re-election to the office of Governor, and I repeat now, that I believe the social security bill in Texas, including aid for dependent children, aid for the blind, teacher retirement, and old-age pensions, should be paid and should be paid in full; and I stated further that it should be paid from either a transaction tax levied on established lines of business or from some other broad based tax. If the Legislature will do this, then you will, in my judgment, have approached the problem of meeting the State's social security obligations in a manner that will succeed and also in a manner that will not hurt any line of business within this State.

I am pleased to attach hereto a proposed transaction tax bill which will raise Fifty Million Dollars (\$50,000,000) annually, based on a rate of 1.6%. This is the same rate I recommended to the 46th Legislature at the time I also recommended abolishing the State ad valorem tax as general fund revenue. I still recommend abolishing the State ad valorem tax that goes to the General fund, but if the Legislature does not abolish it, you can reduce the rate of 1.6% to whatever rate it takes to raise the amount of revenue you decide to raise.

In my message two years ago, I suggested various other forms of taxation which you might want to consider,—namely, a tax of eight cents per barrel on oil, supplemented by similar increases in the taxes on sulphur and other natural resources; also, a flat gross receipts tax on oil, sulphur, insurance companies, public utilities and other major lines of business; also, a net income tax at

approximately double the Federal rate; also, a low rate gross income tax. To conserve time I shall not discuss these various forms of taxation again at this time, but refer those of you who are interested in the matter to my address of January 18th, 1939, as printed in the House Journal. It is my deliberate judgment, however, that the transaction tax is the best means of raising the money. But I have no desire to even attempt to dictate to the Legislature how this task shall be accomplished. That is a matter for the members to decide.

It is the responsibility of the Governor of this State to recommend legislation, but it is not his responsibility to pass legislation. That responsibility rests upon the Legislature and upon no one else. I have given you my opinion about these matters and I am ready to cooperate with you in every way in effecting a solution of these problems. If you do not approve of the methods which I have recommended to raise the revenue to meet the obligations of the State government, and, if you have a better plan, I am ready to accept the better plan and I shall approve any reasonable and honest tax bill which this Legislature passes and places on my desk which will raise a sufficient amount of money to meet in a reasonable way the obligations which the State must meet. Therefore, I urge all members of the Legislature to approach this problem with an open mind and that you seek in a cooperative spirit to reach an agreement on legislation which will solve these pressing problems.

In approaching the problem of taxation, both you and I might as well realize that public spending is generally popular and that the levying of taxes to pay public expenditures is usually unpopular. It is popular to recommend and to vote for liberal pensions, liberal appropriations for education and for other purposes, but it is not popular to recommend or to vote for taxes to meet these obligations. As public servants, we may expect from the tax-dodging lobbyists and their clique a most violent opposition to all legislation designed to raise the necessary money to meet the honest obligations of the State. All plausible arguments against the levying of taxes will be offered and some arguments will be offered which

on the face, may look plausible, but which, in fact, will not be. It is already being urged by some people that this session of the Legislature should refuse to levy the necessary taxes to meet the State's obligations because of the fact that the National government is now engaged in a vast expenditure of public moneys to make effective a program of national defense.

I am for the program of national defense, and I believe it is the obligation of the State to do all that it can to promote national defense, but in this connection I should like to examine carefully this argument which is being advanced against the levying of necessary taxes to meet State obligations. Would you say that a program of national defense would be promoted by the failure of the State to provide the necessary amount of money to care for the old age pension problem?

Two years ago members of the 46th Legislature were told by the tax-dodgers' lobbyists that taxes should not be raised to pay pensions because grown children should support their parents. Since then those grown sons have shouldered their rifles and marched away to train for defending our country and these tax-dodgers' property. Do you now propose to let the aged fathers and mothers of these patriotic sons suffer for the need of food, clothing and medical care while their sons are away, by arguing that pensions should not now be paid because of our national defense program? Would you say that the program of national defense would be promoted by the refusal of the State to care for dependent children? Many of these children will be dependent wholly because their daddies are in the front lines to defend our country and the assets of these tax-dodgers.

Do you think you would promote national defense by refusing to care for the indigent blind of the State, or by leaving the insane of the State in jails or in fire-traps? Do you believe you would promote national defense by refusing to give to the public schools of this State an adequate amount of money to enable them to train properly the youth of the land? Would national defense be promoted by refusal to give to our institutions of higher learning the necessary additional funds which they must have

to meet the increased obligations which have been placed upon them? Do you believe you would promote national defense by allowing an unconstitutional and unauthorized deficit of Thirty Million Dollars (\$30,000,000) to stand on the books of the State and to increase each year?

My answer to all of these questions is an emphatic no. These same tax-dodgers' lobbyists who fought increased taxes last year with unsound argument and propaganda, are this year using different forms of unsound argument and propaganda to fight it. With their tongues they argue that the national defense program is costing the taxpayers so much money that no taxes should be raised for social security purposes, while with both hands they are raking in huge profits because of the national defense program.

I believe we will do our part in national defense better by putting our own house in order. I do not believe that our expenditures for any of these purposes should be excessive. I do not believe the expenditures for any of these purposes should be wasteful, but I do believe that all of these matters which I have mentioned, are fundamental responsibilities of the State government and whatever amount of money is necessary to meet them should be raised by taxation and it should be raised now.

As an argument against the levying of any additional taxes in Texas, we hear many people making reference to the tremendous tax load which the citizens of Texas are being forced to carry at this time. I am perfectly willing to grant that all lines of business in Texas, as well as in other states, are carrying a heavy load of taxes, but the fact of the business is that the sum total of taxes collected by State and local government in Texas is far below that collected by the average state in the American Union. The truth is, if the Legislature provides for every recommendation I have made and levies the taxes to make available the revenue to meet all of these obligations, the average per capita tax bill in Texas will still be far below the average of other states in the United States. So there is no sound reason why the taxes necessary to meet the honest obligations of this State should not be levied at this time.

Furthermore, the argument that we should defer levying taxes to meet these obligations and continue the process of enlarging the State debt to be paid at some later date, is absolutely unsound for another reason. It is a well-known fact that due to the tremendous expenditures of the Federal government there will be during the next few years a very substantial increase in all lines of business and now while business is being stimulated by these vast public expenditures, is the very time when we should levy the taxes to meet these pressing obligations of the State and to pay our debts. It is far better to do it now than to wait until the time when there is a very positive recession in business and then find ourselves with a large list of accumulated unpaid obligations.

Of one thing I, as Governor, am certain, and I think, as members of the Legislature, you will find it to be true, that if you listen to the advice of the selfish interests of this State, if you listen to the advice of those taxpayers who always have and always will oppose every tax measure which seeks in any way to increase their taxes, then you will not be able to raise the revenue which we must have to meet these honest obligations of the State. You might as well know before you begin the consideration of tax legislation that every manner of excuse will be offered as a reason why now is not the time to raise revenue to meet these obligations of the State.

You will be told that we must wait until the national defense program is out of the way; you will be told that taxes in Texas are higher than they are anywhere else in the world; you will be told that if you levy the taxes to meet these honest obligations of the State; it will bring disaster to the taxpayers; but I say to you that such is not the case. The best interests of Texas will be served if we meet these obligations, and if we meet them now. During the next few years when all lines of business will be tremendously increased on account of the national defense program, is the time to get this State on a cash basis. Why wait until this period has passed and we are in the midst of a depression, which most likely will come when we have completed the present program of national defense. We know that

when this emergency has been met, there will be a period when the men employed in this work must be absorbed by other lines of business or become idle, and a general depression is always inevitable during such periods. To defer meeting these obligations now during the period when business will be good and profits will be more than normally high, is absolutely unsound business policy.

If you, as members of the Legislature, will listen to this false argument for postponement at this time, you may be certain of one thing; that just as soon as the national defense program has been accomplished, you will be told that taxes cannot be levied then because we will be in a period of depression. In other words, we have in this State some well organized taxpayer groups who are opposed to all taxes now; they will be opposed to all taxes at the next session of the Legislature and at every succeeding session of the Legislature. If you ever raise revenue to meet these obligations of the State, you will have to raise it in the face of this opposition.

You will hear much about saving money by reorganizing the State government. Now I am definitely committed to the necessity and the desirability of effecting as much reorganization in the State government as it is possible to effect and have so recommended to you, but it is absolutely foolish to talk about saving enough money through the process of reorganizing the State government to meet the State's obligations. The total appropriation for salaries for all of the departments of the State government, including all salaries of the administrative and executive boards and all of the various commissions, amounts to, in round figures, Nine Million Five Hundred Thousand Dollars (\$9,500,000) each year. Out of this total paid for salaries, in round figures, only Four Million Dollars (\$4,000,000) comes from taxes levied, the remainder is paid from fees. Assuming that out of that portion of salaries paid by taxes, we could by reorganization of the State government save twenty-five percent (25%) of it, the total saving which would be reflected in tax revenue would be only One Million Dollars (\$1,000,000). So it is unreasonable to talk about meeting the obligations of the State through any process of cutting

the operation expenses of departments of the State government, and in making this statement, I do not mean to minimize the necessity for such governmental reorganization and economy because it is imperative, but it is foolish to claim for a reorganization plan things which we know it is impossible to achieve.

You will be told that if the delinquent ad valorem taxes due the State could be collected, this would solve all of the State's fiscal problems. Well, now, the facts are that according to the report of the State Auditor, the total delinquent ad valorem taxes due the State at the end of the last fiscal year were in round figures, Twenty-one Million Dollars (\$21,000,000).

There always has been and perhaps always will be quite a large amount of delinquent taxes due the State. Each year collection of delinquent taxes has been made and the money collected is part of the regular receipts of the State. No doubt much of this Twenty-one Million Dollar (\$21,000,000) taxes now delinquent will be collected eventually, but not all at one time. Our delinquent tax account will possibly always remain this high or get higher. This does not mean that delinquent taxes are not being collected. It means that while delinquent taxes are collected from some people each year, other people will get behind in their payments. It is a continuing process, with different delinquent taxpayers making up the list from year to year. The record discloses that the State is making constant improvement in the collection of ad valorem taxes. On June 30, 1931, 22.7% was delinquent; 1932, 23.9%; 1933, 29.2%; 1934, 20.4%; 1935, 18.7%; 1936, 15.9%; 1937, 12.72%; 1938, 11.48%; and 1939 only 10.61%. This shows the percentage of delinquencies dropping from a high of 29.2% in 1933 to an all-time low of only 10.61% in 1939.

It is idealistic dreaming to hope for the millennium when there will be no delinquent taxes due the State. Where these delinquent taxes have accrued against real property which is worth as much as the taxes due, there is little for the State to lose. If they are assessed against personal property, there may be some loss.

I think collection of delinquent taxes is important, and those respon-

sible for their collection should use energetically every means at their command to collect same promptly, but certainly it cannot be relied upon as a means of meeting the present fiscal problems of the State.

Throughout my campaign for Governor and on many other occasions, I stated that I believed any attempt to array class against class was unsound public policy, that we needed big business in this State and we needed little business in this State, and that all taxing policies adopted by the State should be fair and equitable to all lines of business, and this is still my opinion.

I believe the State honestly wants us to meet all of these obligations and to meet them now. Previous Legislatures have failed to measure up to their responsibilities in this matter. They have side-stepped the issues by appropriating and appropriating money out of the deficit and failing to have the fortitude to pass tax bills to raise enough money to keep up with their appropriations until now our State is in a critical financial condition. The people of Texas are sick and tired of these unbusinesslike tactics and they want this condition corrected. They have written their requests into the Constitution in plain English and have gone to the polls and elected you members of the Legislature to carry out their mandate by raising these taxes and letting them contribute the tax money so this State can pay its debts. The amounts needed as mentioned in this message are the exact amounts I mentioned in my opening announcement, and the type of tax measures recommended here are the same as I suggested then and all during my campaign, and surely the great rank and file of our Texas voters approved by their votes, both the amounts of money necessary to be raised and the methods of raising it. Under these conditions, why should you hesitate to act accordingly and immediately? But, I also want to repeat and emphasize that if the Legislature has better tax plans for raising the necessary money to take care of all of our State obligations, I am perfectly willing to accept your better plans and to cooperate with you in putting into effect any sincere and honest tax bill that will raise enough money to meet all of the State's obligations.

Two years ago I urged that the tax measure to pay social security be written into the Constitution, but also stated then that I would gladly accept a statutory tax bill if the Legislature preferred a statutory tax bill. The matter has now been delayed so long that we have no time to waste in trying to write the tax into the Constitution at this time, I therefore urge you to pass these tax bills by statutory enactment now, and after this has been accomplished I should then like to see the Legislature give deliberate consideration to some plan of writing into the Constitution of this State the necessary taxes to meet all of these social security obligations in the years to come. But the first thing to do now is to get the money to pay these necessary obligations of the State.

During the two years I have served as Governor of this State, I have looked over the journals of past sessions of the Texas Legislature for many years back and it seems that generally tax bills have not been passed until the very last days of the session. Now let me warn the Legislature before you start upon the task of passing a tax bill, that you may expect every device possible to be used to delay consideration of pending tax measures. No one wants tax legislation to be rushed through without due consideration, but it is one thing to take the necessary time to really consider a tax measure, and an entirely different thing to adopt every known device to prevent the consideration of tax legislation until the very closing hours of the session and then hastily jam a tax measure through the Legislature at a time when the individual members do not have time or opportunity to give it the consideration which it merits.

I, therefore, urge that the Legislature begin immediately the consideration of revenue raising measures. Certainly there is no reason why this Legislature should not during the first thirty or forty days of the session pass tax bills to finance these necessary services of the State government, and in order to expediate such consideration, I hereby submit to the Legislature as emergency legislation the following:

(a) The subject of raising necessary revenues to finance social security, including old-age pensions, aid

for dependent children, aid for the blind, and teacher retirement;

(b) Raising revenue to meet the other necessary obligations of the State.

I most cordially invite the cooperation of the members of the Forty-seventh Legislature in dealing with these important problems, promptly.

Senate Retires

At the conclusion of the Governor's address, the Senate repaired to its Chamber.

In the Senate

The President called the Senate to order at 11:35 o'clock a. m.

Senate Resolution 8

Senator Isbell offered the following resolution:

Be It Resolved by the Senate of Texas, The Chairman of the Contingent Expense Committee is authorized and directed to purchase for each member of the Senate a 1939 Cumulative Supplement to Vernon's Centennial Edition of the Texas Statutes; and he is further authorized and directed to purchase for each new member of the Senate and for such other members as do not have them the 1936 Centennial Edition of the Texas Statutes.

The resolution was read and was adopted.

Address by Hon. Will Pace

(Senate Resolution 9)

Senator Winfield offered the following resolution:

Whereas, The Hon. Will Pace of Tyler has served long, well and faithfully in this body; and

Whereas, He has been observed this morning in the gallery of the Senate where he looks out of place; therefore, be it

Resolved, That he be invited to address the Senate and allowed the privilege of the floor.

WINFIELD,
CHADICK.

The resolution was read and was adopted.

The President appointed Senators Winfield and Chadick as a committee to escort Hon. Will Pace to the President's desk.

The committee performed the duty assigned it, and Senator Winfield presented Hon. Will Pace, who then addressed the Senate briefly.

House Concurrent Resolution 11

The President laid before the Senate for consideration at this time:

H. C. R. No. 11, Providing for leaves of absence for State employees called into active military service.

The resolution was read and was adopted.

Senate Resolution 10

Senator Cotten offered the following resolution:

Whereas, The Fifth General Assembly of the Council of State Governments will meet in Washington, D.C., January 21st to the 23rd, 1941, inclusive; and

Whereas, This assembly was organized in 1933 with President Roosevelt's assistance, the delegates thereto from some forty-one States, representing the Governor of the State and one representative from the Senate and one from the House of Representatives; and

Whereas, The Fourth General Assembly was held in 1939 at which official delegates from some forty of the United States attended; and

Whereas, This assembly deals with matters involving the attitude of the Federal government on taxation and other kindred matters, and with the matter of cooperation among states and groups of states on various questions of interest to the several states; and

Whereas, There is a great tendency for the National government to take over the field of taxation from the various State governments and to take over other fields of government because of the failure of the states to cooperate among themselves; and

Whereas, A recent study of trade barriers between states has revealed an alarming situation vitally affecting the State of Texas; and

Whereas, There is urgent need for better cooperation among the states if the powers and duties are to be retained by them; and the work of this general assembly is looking toward this retention of such rights and duties; and it is important that the Senate of Texas be represented in this general assembly; now, therefore, be it

Resolved by the Senate of Texas, That the Lieutenant Governor appoint a delegate to represent the Senate of Texas at said meeting and that the necessary expenses incurred by said Senator be paid from the contingent fund.

COTTEN,
YORK,
AIKIN.

The resolution was read and was adopted.

Accordingly, the President appointed Senator York as a delegate to attend the Fifth General Assembly of the Council of State Governments.

Senate Bills on First Reading

The following bills were introduced, read severally first time and referred to the committees indicated:

By Senators Shivers and Moore:

S. B. No. 29, A bill to be entitled "An Act to amend the subject matter embraced in Section 7, Chapter 482, General and Special Laws of the Forty-fourth Legislature, Third Called Session, as amended by Section 3, Chapter 67, General and Special Laws, Forty-fifth Legislature, Regular Session, as amended by Section 4, Chapter 2, General Laws, Forty-sixth Legislature, Regular Session; providing for determining the amount of contributions by employers and defining certain terms, and providing for the effective date of the Act and for the repeal of all laws and parts of laws in conflict herewith; and declaring an emergency."

To Committee on State Affairs.

By Senators Shivers, Moore and Moffett:

S. B. No. 30, A bill to be entitled "An Act declaring the sovereignty of Texas along its seacoast; fixing its present seacoast boundary and ownership; and declaring an emergency."

To Committee on Public Lands and Land Office.

By Senators Martin and Moffett:

S. B. No. 31, A bill to be entitled "An Act creating a Commission to be known as Oil and Gas Commission of Texas; providing for the appointment of the members of such commission by the Governor; fixing the terms of the members of such commission; providing for the organization and chairman of such commis-

sion; providing for the qualifications of the members of such commission; providing that each member of such commission shall give his full and undivided attention to the duties of his office; providing that the term of any member of such commission shall immediately cease and determine if he accepts or holds any other public office or public employment, or if he becomes a candidate for election or nomination to any public office; providing that any member of such commission shall be ineligible to election to public office at certain times under certain conditions; providing that a majority of the members of such commission shall have authority to act; providing for the domicile of the principal office of such commission, the appointment of a secretary of such commission, and the duties of such secretary; providing for authority to certify copies of certain instruments and providing for receiving same in evidence in all courts of this State; providing for the payment of salaries to the members of such commission; withdrawing from the Railroad Commission of Texas and conferring upon the Oil and Gas Commission of Texas all of the powers, duties, jurisdiction, and authority now conferred upon the Railroad Commission of Texas by Title 102, Revised Civil Statutes of Texas, 1925, as amended, and by Acts 1931, Forty-second Legislature, Regular Session, Chapter 58, page 92, as amended by Acts 1933, Forty-third Legislature, Regular Session, Chapter 97, page 215, and by Acts 1931, Forty-second Legislature, First Called Session, Chapter 26, page 46, and by Acts 1931, Forty-second Legislature, First Called Session, Chapter 28, page 58, and by Acts 1935, Forty-fourth Legislature, Regular Session, Chapter 76, page 180, as amended by Acts 1937, Forty-fifth Legislature, Regular Session, Chapter 15, page 17, and by Acts 1939, Forty-sixth Legislature, Regular Session, H. B. 851, page 500, and Acts 1935, Forty-fourth Legislature, Regular Session, Chapter 28, page 74, and Acts 1935, Forty-fourth Legislature, Regular Session, Chapter 245, page 618, and Acts 1935, Forty-fourth Legislature, Regular Session, Chapter 246, page 624, and Acts 1937, Forty-fifth Legislature, Regular Session, Chapter 367, page 746; providing that the provisions of Articles 6024, 6025, 6026, 6027, and 6028 shall

apply to both the Railroad Commission of Texas and the Oil and Gas Commission of Texas; providing that all of the existing provisions of the statutes and legislative Acts and the amendments thereto, the administrative functions of which are withdrawn from the Railroad Commission of Texas and conferred upon the Oil and Gas Commission of Texas, shall apply and be enforced and construed as though the Oil and Gas Commission of Texas had at all times been the administrative agency with respect thereto; providing that the rules, regulations and orders of the Railroad Commission which cover subject matter within the jurisdiction of the Oil and Gas Commission of Texas shall remain in full force and effect until they are changed, amended or repealed by the Oil and Gas Commission, and until such change, amendment or repeal, they shall be considered to be the rules, regulations and orders of the Oil and Gas Commission of Texas; transferring to the Oil and Gas Commission of Texas all of the employees of the Oil and Gas Division of the Railroad Commission of Texas who are employed pursuant to the functions hereby conferred upon the Oil and Gas Commission of Texas; transferring to the Oil and Gas Commission of Texas the books, records, property, and equipment now held and used by the Railroad Commission pursuant to the functions now conferred upon such Oil and Gas Commission; transferring to the use of the Oil and Gas Commission the Oil and Gas Enforcement Fund provided for in Article 6032, Revised Civil Statutes of Texas, 1925, as amended; providing, however, that the Railroad Commission of Texas shall continue to have and perform all the functions, powers, authority, and duties now imposed upon it by Sections 1, 2, 3, 4, 5, 6a, and 7 of Acts 1931, Forty-second Legislature, First Called Session, Chapter 28, page 58, and by Articles 6050, 6051, 6052, 6054, 6055, 6056, 6057, 6058, 6059, 6060, 6061, 6062, 6063, 6064, 6065, Revised Civil Statutes of Texas, 1925, and Articles 6053 and 6066 thereof, as amended; providing that no violations committed and no liability, penalty or forfeiture incurred prior to the effective date of this Act, arising out of the violation of any statute or law affected by this Act or of any rule, regulation or

order of the Railroad Commission of Texas promulgated pursuant thereto, shall be discharged by this Act, but prosecutions and suits for same shall be, nevertheless, instituted and prosecuted; providing that if any portion of the Act is unconstitutional it shall not affect the valid portions thereof; and declaring an emergency."

To Committee on Mining, Irrigation and Drainage.

By Senator Hazlewood:

S. B. No. 32, A bill to be entitled "An Act amending Article 6008 of the Revised Civil Statutes of Texas, as amended by Chapter 120, Acts of the Forty-fourth Legislature, Regular Session, providing for the use of sweet and other natural gas under certain conditions for the manufacture of carbon black; and declaring an emergency."

To Committee on Mining, Irrigation and Drainage.

Adjournment

On motion of Senator Brownlee, the Senate, at 11:55 o'clock a. m., adjourned until 10:00 o'clock a. m., Monday, January 20, 1941.

FOURTH DAY

(Monday, January 20, 1941)

The Senate met at 10:00 o'clock a. m., pursuant to adjournment, and was called to order by President Stevenson.

The roll was called, and the following Senators were present:

Aikin	Mauritz
Beck	Metcalfe
Brownlee	Moffett
Cotten	Moore
Fain	Ramsey
Formby	Shivers
Graves	Smith
Hazlewood	Spears
Hill	Stone
Isbell	Sulak
Kelley	Van Zandt
Lanning	Vick
Lemens	Weinert
Lovelady	Winfield
Martin	

Absent—Excused

Chadick York

A quorum was announced present.

The invocation was offered by the Chaplain.

On motion of Senator Aikin and by unanimous consent, the reading of the Journal of the proceedings of the third legislative day was dispensed with and the Journal was approved.

Leaves of Absence Granted

Senator Chadick was granted leave of absence for today on account of important business on motion of Senator Formby.

Senator York was granted leave of absence for today and tomorrow on account of important official business on motion of Senator Ramsey.

Message from the House

The Assistant Reading Clerk of the House was recognized to present the following message:

Hall of the House of Representatives,
Austin, Texas,
January 20, 1941.

Hon. Coke R. Stevenson, President of the Senate:

Sir: I am directed by the House to inform the Senate that the House has passed the following resolutions:

H. C. R. No. 13, In memory of Hon. Walter C. Woodward, of Coleman, Texas.

H. C. R. No. 12, Inviting Hon. T. V. Smith of Illinois to address a joint session of the Legislature on Monday, January 27, at 11:00 o'clock a. m.

Respectfully submitted,

E. R. LINDLEY,
Chief Clerk, House of Representatives.

Senate Bills on First Reading

The following Senate bills were introduced, read severally first time and referred by the President to the committees indicated:

By Senator Hazlewood:

S. B. No. 33, A bill to be entitled "An Act amending Article 6008 of the Revised Civil Statutes of Texas, as amended by Chapter 120, Acts of the Forty-fourth Legislature, Regular Session, providing for the use of sweet and other natural gas under certain conditions for the manufacture of carbon black; and declaring an emergency."

To Committee on Mining, Irrigation and Drainage.